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TRA. DOCKET ROOM  
March 25, 2004

**Guy M. Hicks**  
General Counsel

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VIA HAND DELIVERY

Hon. Deborah Taylor Tate, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37238

Re: *Implementation of the Federal Communications Commission's  
Triennial Review Order (Nine-month Proceeding)(Switching)*  
Docket No. 03-00491

Dear Chairman Tate:

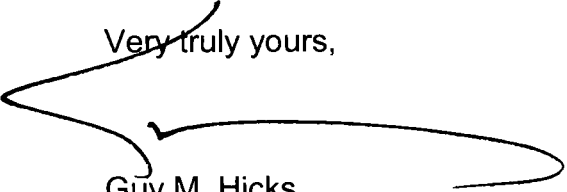
Enclosed are fifteen copies of errata to BellSouth's testimony in this matter:

|                            |                                  |
|----------------------------|----------------------------------|
| Dr. Debra Aron             | Direct, Rebuttal and Surrebuttal |
| Dr. Christopher Pleatsikas | Direct                           |
| Al Varner                  | Direct                           |

Each witness has an errata sheet and redlined replacement pages for testimony and exhibits as applicable.

Copies of the enclosed are being provided to counsel of record.

Very truly yours,

  
Guy M. Hicks

GMH:ch

**TENNESSEE REGULATORY AUTHORITY  
DOCKET NO. 03-00491  
DIRECT TESTIMONY OF DR. DEBRA J. ARON  
ERRATA**

- Page 1 Line 4-5      Evanston office of LECG, ~~LLC~~,
- Page 1 Line 8      LECG, ~~LLC~~
- Page 22 Line 19-22    further subdivided into three "terciles" by spend. In each geographic market, we then count up the number of customers that are in each segment and spend level in that geographic market. This creates a profile of the spend characteristics of that market. ~~Each geographic market (that is, UNE zones subdivided by CEAs as discussed in Dr. Pleatsikas's testimony) is then allocated the appropriate number of customers from each segment to reflect the actual economic profile of that market.~~
- Page 35 Line 19      Kaufman Brothers, L P., April 30, 2003, p. 4.3)

**I. INTRODUCTION AND SUMMARY**

1

2

3 **Q. PLEASE STATE YOUR NAME AND POSITION.**

4 A. My name is Debra J. Aron. I am the Director of the Evanston office of LECG,  
5 LLC, and Adjunct Associate Professor at Northwestern University. My business  
6 address is 1603 Orrington Avenue, Suite 1500, Evanston, IL, 60201.

7

8 **Q. PLEASE DESCRIBE LECG, LLC.**

9 A. LECG is an economics and finance consulting firm that provides economic  
10 expertise for litigation, regulatory proceedings, and business strategy. Our firm  
11 comprises more than 550 economists and professional staff members from  
12 academe and business, and has 25 offices in six countries. LECG's practice  
13 areas include antitrust analysis, intellectual property, and securities litigation, in  
14 addition to specialties in the telecommunications, gas, electric, and health care  
15 industries.

16

17 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS.**

18 A. I received a Ph.D. in economics from the University of Chicago in 1985, where  
19 my honors included a Milton Friedman Fund fellowship, a Pew Foundation  
20 teaching fellowship, and a Center for the Study of the Economy and the State  
21 dissertation fellowship. I was an Assistant Professor of Managerial Economics  
22 and Decision Sciences from 1985 to 1992, at the J. L. Kellogg Graduate School  
23 of Management, Northwestern University, and a Visiting Assistant Professor of

1 Further, the TRO requires that the CLEC business case model “tak[e] into  
2 consideration any countervailing advantages that a new entrant may have.”  
3 (TRO at ¶ 84.) The ability to target attractive customers selectively is one such  
4 advantage that CLECs have exploited in reality and is highlighted in the TRO  
5 (“competitors often are able to target particular sets of customers.” TRO at n.  
6 1539.) For example, suppose a CLEC determines that it is only profitable to sell  
7 to customers who spend at least \$60 on local service, features, and long-  
8 distance service. The CLEC would then enter the market with a \$60 service  
9 bundle so that, by self-selection, most of the customers acquired would be  
10 profitable. Without a segmentation of customers based on their level of  
11 spending, it would be impossible to take into account this kind of “cream  
12 skimming” that an efficient CLEC could perform.

13  
14 As described by Mr. Stegeman, the BACE model reflects both the granular  
15 differences in customer spend and the potential for targeting opportunities by  
16 dividing the customer base into seventeen segments—one residential segment  
17 that is divided into five “quintiles” by customer spend, and four business  
18 segments (segmented by numbers of lines at each business customer location),  
19 each of which is further subdivided into three “terciles” by spend. In each  
20 geographic market, we then count up the number of customers that are in each  
21 segment and spend level in that geographic market. This creates a profile of the  
22 spend characteristics of that market. ~~Each geographic market (that is, UNE~~  
23 ~~zones subdivided by GEAs, as discussed in Dr. Pleatsikas’s testimony) is then~~

1        ~~allocated the appropriate number of customers from each segment to reflect the~~  
2        ~~actual economic profile of that market.~~ For example, a CLEC may find more  
3        high-spend customers in Nashville than in Fayetteville. I find this segmentation  
4        to be an economically reasonable way to take into account the granular variation  
5        of customer spending and potential for cream skimming required by the TRO.  
6

7        **Q.    HOW IS THE REVENUE OF THE MODELED CLEC DETERMINED?**

8        A        As described by Mr. Stegeman, the revenues of the modeled CLEC are derived  
9        from the prices that the CLEC charges, the quantities of different products that  
10       each customer takes, and the number of subscribers that it wins in each  
11       customer segment – in other words, revenues are derived from prices and  
12       quantities, as one would expect.  
13

14       **Q.    HOW ARE THE MODELED CLEC'S PRODUCT PRICES AND QUANTITIES**  
15       **DETERMINED?**

16       A        As described in Mr. Stegeman's testimony, the modeled CLEC is able to sell  
17       services both *à la carte* and in bundles. The prices and quantities (e.g., the price  
18       per long-distance minute and the corresponding minutes of use per customer) by  
19       customer segment for *à la carte* services were developed in a pre-processing  
20       program using industry standard market sizes and actual billing data for  
21       BellSouth's customer locations. Prices for bundled services are direct inputs into  
22       the BACE model that I developed after reviewing the prices of actual CLEC  
23       bundled service offerings in Tennessee. The bundle prices are generally lower

1 January 22, 2001, p. 51.) I infer from this that business customers with T-1 (i.e.,  
2 DS-1) and above requirements would have lower churn rates (and other  
3 evidence that I will discuss supports this) because, as the TRO observes, these  
4 larger customers would be more likely to be signed to term contracts. (TRO at ¶¶  
5 127-128.) A study of US LEC, a business-oriented CLEC, by investment  
6 analysts Kaufman Brothers, concluded that after quarterly churn "ticked up" to 3  
7 percent due to a "clean-up of payables" and other reasons, the expectation was  
8 that churn would return "to historical industry leading levels of 1% per quarter." A  
9 quarterly churn rate of 1 percent represents a monthly churn of about 0.3  
10 percent, just one-fifth of the 1.5 percent monthly rate that I recommend for  
11 CLECs that serve the larger business customers. Indeed, the Kaufman US LEC  
12 Report concludes:

13  
14 In our opinion, [US LEC] is executing well in a difficult environment.  
15 US LEC, with several years of history in its targeted markets in the  
16 mid-Atlantic and south, is approaching incumbent status while its  
17 operations achieve critical mass and start to generate positive [free  
18 cash flow]. (Vik Grover, "US LEC Corp.: 1Q03 Earnings Review,"  
19 Kaufman Brothers, L.P., April 30, 2003, p. 43.)

20  
21 This suggests that an efficient CLEC can move toward an ILEC-type churn rate.  
22

**TENNESSEE REGULATORY AUTHORITY  
DOCKET NO. 03-00491  
REBUTTAL TESTIMONY OF DR. DEBRA J. ARON  
ERRATA**

Page 2, line 1-4

I am also submitting a revised Exhibit DJA-02, which reflects refinements to distances between the wire centers and the access tandem, ~~made to the list of BellSouth wire centers and~~ lists all markets that pass the potential deployment analysis.

Page 2, line 15

**WHERE NO IMPAIRMENT EXISTS. (BRYANT  
DIRECT 20-21.)**

1     A     My rebuttal testimony responds to the economic arguments made by Dr. Mark T.  
2           Bryant on behalf of MCI, Mr. Steven E. Turner on behalf of AT&T, Mr. Don J  
3           Wood, also on behalf of AT&T, and Mr Joseph Gillan on behalf of CompSouth I  
4           am also submitting a revised Exhibit DJA-02, which reflects refinements to  
5           distances between the wire centers and the access tandem, made to the list of  
6           ~~BellSouth wire centers~~ and lists all markets that pass the potential deployment  
7           analysis I am also submitting a revised Exhibit DJA-07. I inadvertently filed an  
8           exhibit showing business customer acquisition costs (DJA-07) that used Florida  
9           data I am resubmitting it with the Tennessee data. I will note that the BACE runs  
10          used the Tennessee data—it is only my exhibit that requires an update.

11

12                               **II.     RESPONSE TO DR. BRYANT**

13

14     **Q.     PLEASE COMMENT ON DR. BRYANT'S ARGUMENT THAT THE**  
15           **SOCIAL COSTS OF FINDING NO IMPAIRMENT WHERE IMPAIRMENT**  
16           **EXISTS ARE GREATER THAN THE COSTS OF FINDING IMPAIRMENT**  
17           **WHERE NO IMPAIRMENT EXISTS. (BRYANT DIRECT 20-21.)**

18

19     A     This is an unsupported and, in my opinion, seriously misguided conjecture on the  
20           part of Dr Bryant. Mr. Gillan makes similar arguments, so my comments here will  
21           apply to his testimony as well The asymmetry between the effects of the two  
22           potential types of errors recited by Dr. Bryant is of a different type than claimed by  
23           Dr Bryant. The asymmetry is in the *observability of the outcomes* If the

**TENNESSEE REGULATORY AUTHORITY  
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SURREBUTTAL TESTIMONY OF DR. DEBRA J. ARON  
ERRATA**

Page 84, line 17-18

recommendation for customer acquisition costs is derived from  
a multiple of ~~first-month's~~ average monthly revenues.

1 The efficient CLEC can reduce churn by introducing attractive, useful new  
2 services, pricing plans, billing options, and the like that the ILEC does not offer  
3 Thus, churn is at least in part a management issue—it is a cost that a carrier  
4 actively must try to manage I find it very disingenuous, and smacking of a  
5 defeatist self-pitying attitude to argue, as Mr Wood does, that the ILECs  
6 “effectively dictate CLEC churn rates” going forward (Wood Rebuttal 46.)  
7

8 **G. SALES COSTS**  
9

10 **Q. MR. WOOD CLAIMS THAT THERE IS A MISMATCH BETWEEN**  
11 **CUSTOMER ACQUISITION COSTS, WHICH APPLY TO A NARROW**  
12 **RANGE OF SERVICES, AND THE BROAD RANGE OF CUSTOMER**  
13 **SERVICES THAT THE MODELED CLEC IS SAID TO OFFER. (WOOD**  
14 **REBUTTAL 51.) PLEASE COMMENT.**  
15

16 **A.** I disagree. This argument does not apply to business customers, because my  
17 recommendation for customer acquisition costs is derived from a multiple of ~~first-~~  
18 ~~month's~~ average monthly revenues. Thus, the broader or more expensive the  
19 services, the higher is the implied customer acquisition cost. For residential  
20 customers, however, I propose a flat \$95 per customer location. My  
21 recommendation of residential acquisition costs of \$95 is sufficient to  
22 accommodate the entire portfolio of services. My parameter value is based on the

**BELLSOUTH TELECOMMUNICATIONS, INC.**  
**TENNESSEE DOCKET NO. 03-00491**  
**DIRECT TESTIMONY OF DR. CHRISTOPHER JOHN PLEATSIKAS**  
**ERRATA**

Page 5, Line 21

serve ~~the greatest~~ a greater number

1           **GEOGRAPHIC MARKET THAT YOU BELIEVE THE TRA SHOULD**  
2           **APPLY IN THESE PROCEEDINGS?**

3    A    Yes Based on my considerations of the factors that the FCC has outlined, I  
4           recommend that the TRA define as the relevant geographic markets in Tennessee  
5           the UNE rate zones ("UNE Zones") that the TRA has defined previously,  
6           subdivided into Component Economic Areas ("CEA") as defined by the Bureau of  
7           Economic Analysis, a part of the United States Department of Commerce. I have  
8           attached as Pleatsikas Exhibit No CJP-2 a map that displays the 24 markets that  
9           exist in Tennessee as a result of using this definition.

10

11   **Q.    WHY ARE THE TRA'S UNE ZONES THE APPROPRIATE STARTING**  
12   **POINT FOR THE DEFINITION OF THE GEOGRAPHIC AREA?**

13   A.   The FCC's discussion in its TRO suggested that state commissions might "consider  
14           how UNE loop rates vary across the state" in determining the geographic markets,  
15           and that UNE zones may therefore be a useful part of the market definition to use in  
16           this proceeding (TRO, ¶496)

17

18           Moreover, using UNE Zones as the basis for market definition is directly  
19           responsive to the TRO's Rule that I cited. UNE Zones reflect the "locations of  
20           mass-market customers actually being served by competitors." I understand that  
21           CLECs in Tennessee serve the ~~greatest~~ greater number of customers in the more

BELLSOUTH TELECOMMUNICATIONS, INC

WITNESS - ALPHONSO J VARNER

BEFORE THE TENNESSEE REGULATORY AUTHORITY

MARCH 29, 2004

DOCKET NO 03-00491

**ERRATA**

**Direct Testimony**

- 1 Page 6, line 17: INSERT the word "Confirmation" as in "Service Inquiry with Firm Order Confirmation "
- 2 Page 9, line 12: CHANGE "Ms Kathy Blake's" to "Mr Wayne Gray's".

**NOTE: For Local Interconnection Trunks ("LIT"), for the months, December 2002 – March 2003, the data for measures Reject Interval and FOC Timeliness shown on the charts pages BST000155 and BST000157 (Exhibit AJV-1 Attachment) were incorrect. This changes some of the calculations that were provided in direct testimony. Items numbers 3 – 11, 15 and 16 reflect changes prompted by the incorrect LIT data.**

3. Page 11, beginning at line 8: REPLACE the chart entitled "% OF REJECTED LSRs MEETING REJECT INTERVAL BENCHMARK" with the Chart below (**numbers in bold have been changed**)

| % OF REJECTED LSRs MEETING REJECT INTERVAL BENCHMARKS |                        |  |                                     |
|---|------------------------|--|-------------------------------------|
| <u>Month</u>  | <u># LSRs Rejected</u> | <u># Rejected LSRs Meeting Benchmark</u> | <u>Percentage Meeting Benchmark</u> |
| Dec '02   | <b>294</b>             | <b>260</b>                               | <b>88%</b>                          |
| Jan '03   | <b>243</b>             | <b>214</b>                               | <b>88%</b>                          |
| Feb '03   | <b>259</b>             | <b>242</b>                               | <b>93%</b>                          |
| Mar '03   | <b>282</b>             | <b>261</b>                               | <b>93%</b>                          |
| Apr '03   | 261                    | 251                                      | 96%                                 |
| May '03   | 251                    | 245                                      | 98%                                 |
| Jun '03   | 242                    | 232                                      | 96%                                 |
| Jul '03   | 279                    | 255                                      | 91%                                 |
| Aug '03   | 272                    | 257                                      | 94%                                 |

| <b>% OF REJECTED LSRs MEETING REJECT INTERVAL BENCHMARKS</b> |                               |   |  |
|--|-------------------------------|---|--|
| <b><u>Month</u></b>  | <b><u># LSRs Rejected</u></b> | <b><u># Rejected LSRs Meeting Benchmark</u></b> | <b><u>Percentage Meeting Benchmark</u></b> |
| Sep '03  | 299                           | 261   | 87%  |
| Oct '03  | 257                           | 249   | 97%  |
| <b>TOTAL</b>   | <b>2939</b>                   | <b>2727</b>                                     | <b>93%</b>                                 |

4. Page 12, at the end of line 4 ADD the statement, "For Local Interconnection Trunks, the average reject interval was 14 6 hours (for September – December 2003) against a benchmark of 36 hours "
5. Page 15, line 11 CHANGE "89%" to "91%".
6. Page 15, beginning at line 13, REPLACE the Chart entitled "% OF FOCs MEETING FOC TIMELINESS BENCHMARKS" with the Chart below (numbers in bold have been changed)

| <b>% OF FOCs MEETING FOC TIMELINESS BENCHMARKS</b> |   |  |  |
|--|---|--|--|
| <b><u>Month</u></b>                                | <b><u># Total FOCs Returned to CLEC</u></b> | <b><u># FOCs Meeting Benchmark</u></b> | <b><u>Percentage Meeting Benchmark</u></b> |
| Dec '02  | 943   | <b>904</b>                             | <b>96%</b>                                 |
| Jan '03  | 1042  | <b>980</b>                             | <b>94%</b>                                 |
| Feb '03  | 957   | <b>915</b>                             | <b>96%</b>                                 |
| Mar '03  | 1003  | <b>946</b>                             | <b>94%</b>                                 |
| Apr '03  | 1066  | 998                                    | 94%  |
| May '03  | 993   | 941                                    | 95%  |
| Jun '03  | 881   | 838                                    | 95%  |
| Jul '03  | 974   | 915                                    | 94%  |
| Aug '03  | 990   | 929                                    | 94%  |
| Sep '03  | 908   | 827                                    | 91%  |
| Oct '03  | 812   | 736                                    | 91%  |
| <b>TOTAL</b>                                       | <b>10569</b>                                | <b>9929</b>                            | <b>94%</b>                                 |

7. Page 16, at the end of line 5 ADD the statement, "For Local Interconnection Trunks, the average FOC interval was 19 3 hours (for September – December 2003) against a benchmark of 48 hours."

## **Exhibit AJV-1**

8. Page 17. REPLACE paragraph 20 with the following language (changed items are underlined) "For orders that are submitted on a non-mechanized basis, the benchmark is 95% within 24 hours, and for Local Interconnection Trunks the benchmark is 95% within 36 hours. BellSouth met or exceeded the 24-hour benchmark for non-mechanized orders and the 36-hour benchmark for LIT circuits for 765 of 789 LSRs/ASRs (97%) rejected for December 2002 through October 2003 "
9. Page 19, paragraph 25, after the third sentence: INSERT the statement, "The benchmark for LIT orders is 95% returned within 48 hours "
10. Page 19, paragraph 25. CHANGE "250" to "362" and "(64%)" to "(93%)" as in "For LIT circuits, BellSouth returned 362 of the 391 LSRs (93%) submitted during the period "
11. Page 19, paragraph 25: CHANGE the word "initially" to "for the months April – August 2003", as in "While BellSouth did not meet the 95% benchmark for the months April – August 2003, it has realigned its representatives and met 100% of the FOCs in September and October "
12. Page 39: In the heading, before paragraph 77, INSERT the word "Notice" as in "Average Completion Notice Interval."
13. Page 39: In the heading, before paragraph 78, to INSERT the word "Notice" as in "Average Completion Notice Interval "
14. Page 39: In the heading, before paragraph 78, to INSERT the word "Non-" as in Average Completion Notice Interval / UNE 2W Analog Loops Non-Design with and without LNP

## **Exhibit AJV-1 Attachment**

15. Page BST000155: REPLACE the chart for Local Interconnection Trunks – Ordering FOC Timeliness (C.1.3) with the attached Chart for this measure (also labeled page BST000155)
16. Page BST000157: REPLACE the chart for Local Interconnection Trunks – Ordering. Reject Interval (C 1 2) with the attached Chart for this measure (also labeled page BST000157).

1 Q. WHAT LOOP PROVISIONING MEASUREMENTS HAS BELLSOUTH  
2 INCLUDED?

3  
4 A. BellSouth has included the following SQM measures that cover the major  
5 processes associated with Ordering, Provisioning and Maintenance &  
6 Repair of UNE Loops in Tennessee. In some cases the same process is  
7 reflected, either partially or wholly in multiple measures. In these cases,  
8 the multiple measures are included

9 • Ordering

- 10 i Reject Interval - Fully Mechanized, Partial Mechanized and Non  
11 Mechanized  
12 ii FOC Timeliness - Fully Mechanized, Partial Mechanized and  
13 Non Mechanized  
14 iii FOC and Reject Response Completeness - Fully Mechanized,  
15 Partial Mechanized and Non Mechanized  
16 iv. Flow Through – UNE products  
17 v Service Inquiry with Firm Order Confirmation

18 • Provisioning

- 19 i Mean Held Order Interval  
20 ii Average Jeopardy Notice Interval (Mechanized)  
21 iii % Jeopardy Notice >= 48 Hours (Mechanized)  
22 iv. Order Completion Interval  
23 v Missed Installation Appointments  
24 vi. Provisioning Troubles within 30 Days  
25 vii Average Completion Notice Interval (Mechanized)

1 would directly conflict with the Authority's conclusions in endorsing  
2 BellSouth's application for interLATA authority in Tennessee.

3  
4 Q. ARE THERE ANY NEW PRODUCTS THAT CLECS WILL BE ABLE TO  
5 ORDER FOR WHICH DATA ARE NOT CURRENTLY AVAILABLE?

6  
7 A Yes Although Bellsouth currently allows CLECs to provision their own  
8 "co-carrier cross-connects" that allow two or more CLECs to interconnect  
9 their collocation spaces in a BellSouth central office, BellSouth plans to  
10 offer a new product to help facilitate this interconnection if the CLECs want  
11 BellSouth to perform this work, called "Co-Carrier Cross- Connect." This  
12 product is discussed in ~~Ms. Kathy Blake's~~ Mr. Wayne Gray's testimony  
13 and will be a federal tariff offering, which will provide for the installation of  
14 jumper patch cords between the two tie pairs connecting the Physical  
15 Collocation arrangements of two CLECs in BellSouth's Central Offices  
16 The Co-Carrier Cross-Connect service provides a one-to-one dedicated  
17 transmission path between two CLECs' collocation arrangements located  
18 in the same Central Office at two-wire, four-wire, DS1, DS3, and fiber optic  
19 levels.

20  
21 The cross-connect process is a simple procedure that is already very  
22 much a part of current loop provisioning activities Loop provisioning  
23 requires installation of cross connects between BellSouth equipment and  
24 CLEC collocation space, and performance of this activity is already  
25 reflected in the measurement data There is nothing peculiar to cross-

Total Rejected LSRs

The following tables provide a summary by month of BellSouth's performance on these three metrics (including fully mechanized, partial mechanized and non-mechanized LSRs) for UNE Loop LSRs that were submitted by CLECs during the latest 11 months. As previously stated, Exhibit AJV-1 contains a detailed breakdown of the ordering sub-metrics included in the following tables

| <b>% OF REJECTED LSRs MEETING REJECT INTERVAL BENCHMARKS</b> |                               |   |  |
|--|-------------------------------|---|--|
| <b><u>Month</u></b>  | <b><u># LSRs Rejected</u></b> | <b><u># Rejected LSRs Meeting Benchmark</u></b> | <b><u>Percentage Meeting Benchmark</u></b> |
| Dec '02  | 282294                        | 251260  | 8988%                                      |
| Jan '03  | 234243                        | 202214  | 8788%                                      |
| Feb '03  | 249259                        | 202242  | 9293%                                      |
| Mar '03  | 267282                        | 246261  | 9293%                                      |
| Apr '03  | 261                           | 251   | 96%  |
| May '03  | 251                           | 245   | 98%  |
| Jun '03  | 242                           | 232   | 96%  |
| Jul '03  | 279                           | 255   | 91%  |
| Aug '03  | 272                           | 257   | 94%  |
| Sep '03  | 299                           | 261   | 87%  |
| Oct '03  | 257                           | 249   | 97%  |
| <b>TOTAL</b>   | <b>28602939</b>               | <b>26512727</b>                                 | <b>93%</b>                                 |

During this 11-month period (December 2002 to October 2003), the average reject interval for all rejected LSRs within the fully mechanized category was 1 hour and 33 minutes against a benchmark of 1 hour. This was due to the high fully mechanized rejected intervals in December 2002 through April 2003 prior to the system corrections implemented in May. The average from May through October 2003 was 15 minutes. See the discussion included in the fully mechanized reject section that follows.

1 Likewise, the average reject interval was 7 hours 55 minutes for Partially  
2 Mechanized LSRs, and 6 hours 33 minutes for Non-Mechanized LSRs –  
3 the benchmark for Partially Mechanized LSRs is 10 hours and the  
4 benchmark for Non-Mechanized LSRs is 24 hours. For Local  
5 Interconnection Trunks, the average reject interval was 14 6 hours (for  
6 September – December 2003) against a benchmark of 36 hours

7  
8 Fully Mechanized

9 For those Fully Mechanized Rejected LSRs for which BellSouth did not  
10 meet the one-hour benchmark, BellSouth has conducted a detailed root  
11 cause analysis of the process. The root cause analysis has identified  
12 three issues that account for a significant portion of the LSRs that are  
13 rejected back to the CLEC and missed the 1-hour benchmark, all of which  
14 have been addressed. These three issues and their corresponding status  
15 are as follows.

16

| ISSUE   | STATUS   |
|---|--|
| 1 Errors are being detected with Listing LSRs. When a CLEC sends in an LSR for a Listing on a new account and completes the LSR properly, a FOC will be returned. However, if that account is found to be already active, then the order cannot be provisioned. The LSR is manually rejected and returned to the CLEC. If the LSR was submitted as a record only change to the directory listing, this would not be an issue. A Feature was implemented that will autoclarify the error prior to issuance of an FOC for this condition. | 1 Feature implemented with Release 12.0 on 3/30/03.  |
| 2 Errors are being detected for LSRs that are Planned for Manual Fallout, but are being counted as Fully Mechanized. Such LSRs are designed to be worked by a service representative. If a CLEC calls regarding an LSR and the service representative retrieves the record outside of their normal process for retrieving orders, the LSR is not properly counted as Partially Mechanized because the proper service representative information is not populated and PMAP counts the LSR as Fully Mechanized. The LSR does not          | 2 Feature implemented with Release 13.0 on 6/22/03 to properly count this LSR as partially mechanized. |

1 review of measurements. There are only small quantities of cases  
 2 where the types of conditions that cause BellSouth to miss the  
 3 standard occur, averaging about 65 per month. These volumes make  
 4 it extremely difficult to duplicate the event that caused the problem, so  
 5 that the problem can be corrected. Importantly, the small volume of  
 6 misses indicates that performance is not having a significant adverse  
 7 impact on CLECs

8

9 Q HOW IS BELL SOUTH'S FOC TIMELINESS PERFORMANCE?

10

11 A. As set forth in the chart below, BellSouth has met the FOC benchmark  
 12 established by the Authority for UNE Loop LSRs that were submitted by  
 13 CLECs during the latest 11 months at least 8991% of the time and on  
 14 average 94% of the time

15

| <b>% OF FOCs MEETING FOC TIMELINESS BENCHMARKS</b> |   |  |  |
|--|---|--|--|
| <b><u>Month</u></b>                                | <b><u># Total FOCs<br/>Returned to<br/>CLEC</u></b> | <b><u># FOCs Meeting<br/>Benchmark</u></b> | <b><u>Percentage<br/>Meeting<br/>Benchmark</u></b> |
| Dec '02  | 943   | 892904                                     | 9596%  |
| Jan '03  | 1042  | 961980                                     | 9294%  |
| Feb '03  | 957   | 849915                                     | 8996%  |
| Mar '03  | 1003  | 931946                                     | 9394%  |
| Apr '03  | 1066  | 998  | 94%  |
| May '03  | 993   | 941  | 95%  |
| Jun '03  | 881   | 838  | 95%  |
| Jul '03  | 974   | 915  | 94%  |
| Aug '03  | 990   | 929  | 94%  |
| Sep '03  | 908   | 827  | 91%  |
| Oct '03  | 812   | 736  | 91%  |
| <b>TOTAL</b>                                       | <b>984010569</b>                                    | <b>92109929</b>                            | <b>94%</b>   |

16

1 Like the reject interval performance data, the average time to return all  
2 FOCs was generally less than the benchmark standard. During this 11-  
3 month period (December 2002 to October 2003), the average FOC  
4 interval was. 50 minutes for Fully Mechanized LSRs, against a benchmark  
5 of 3 hours, 8 hours 54 minutes for Partially Mechanized LSRs, against a  
6 benchmark of 10 hours, and, 8 hours 31 minutes for Non-Mechanized  
7 LSRs, against a benchmark of 24 hours For Local Interconnection  
8 Trunks, the average FOC interval was 19.3 hours (for September –  
9 December 2003) against a benchmark of 48 hours

10  
11 The area where BS is missing the standard is in Partially Mechanized  
12 FOCs. To address the remaining LSRs that were not returned within the  
13 10-hour benchmark, BellSouth conducted a detailed raw data analysis that  
14 has revealed three areas associated with the mechanized portion of the  
15 partially mechanized LSRs

- 16 • A number of FOCs were entered into the system within the benchmark  
17 but were not counted correctly due to repeated attempts to respond to  
18 the CLEC BellSouth met its requirement of initially returning the FOC  
19 within the 10-hour benchmark. However, because of a system error  
20 the performance was stated incorrectly. The issue does not affect  
21 BellSouth's performance for returning the FOC to the CLEC; it is just  
22 understating BellSouth's performance.
- 23 • BellSouth experienced delays in processing LSRs submitted via the  
24 EDI system This is the same issue discussed above concerning  
25 rejects

to duplicate the event that caused the problem, so that the problem can be corrected. Importantly, the small volume of misses indicates that performance is not having a significant adverse impact on CLECs

Reject Interval / Manual (B 1.8 / C.1.2)

20. For orders that are submitted on a non-mechanized basis, the benchmark is 95% within 24 hours and got Local Interconnection Trunks the benchmark is 95% within 36 hours BellSouth met or exceeded the 24-hour benchmark for non-mechanized orders and the 36-hour benchmark for LIT circuits for 689,765 of 740,789 LSRs/ASRs (97%) rejected for December 2002 through October 2003.

**FOC Timeliness**

21 Items B 1.9 - B 1.13 and C 1.3 examine the FOC Timeliness for BellSouth in Tennessee. The overall results for these measurements in Tennessee demonstrate BellSouth's strong performance in providing CLECs timely, nondiscriminatory access to BellSouth's pre-ordering and ordering systems. During the 11-month period of December 2002 through October 2003, BellSouth met the specified time interval for 9,210 of the 9,840 FOCs (94%) returned.

FOC Timeliness / Electronic (B.1.9.)

-BellSouth experienced delays in processing LSRs submitted via the EDI system.

See detailed explanation included with Reject Interval B.1.12 for this issue.

-Some CLECs are requesting that certain auto clarified (rejected)LSRs be corrected and processed without the CLEC resubmitting a new version of the existing LSR In specific cases, some LSRs are being corrected and put into the ordering systems without receiving a new LSR from the CLEC. This causes the FOC to exceed the 10-hour benchmark This is due to the fact that the beginning timestamp is not changed from the time the LSR was initially submitted by the CLEC, and as a result the entire time is included in the interval. This interval will almost always exceed the 10-hour FOC benchmark. In an effort to provide good customer service, BellSouth is meeting the request of the CLECs but this causes the FOC benchmark to be exceeded

FOC Timeliness / Manual (B.1.13 / C.1.3)

25 For non-mechanized orders, the benchmark is 95% returned within 24 hours. This is a much more stringent benchmark than the 85% within 36 hours that was used to evaluate the 271 application. BellSouth in Tennessee returned FOCs for 764 of the 798 manual Loop LSRs (96%) submitted by the CLECs within the 24-hour criteria for the months of December 2002 through October 2003 The benchmark for LIT orders is 95% returned within 48 hours For the LIT circuits, BellSouth returned ~~250362~~ of the 391 LSRs (~~6493%~~) submitted during the period. Beginning with

December data, the benchmark for this sub-metric was reduced from 10 days to 48 hours. While BellSouth did not meet the 95% benchmark initially for the months April – August 2003, it has realigned its representatives and met 100% of the FOCs in September and October

**FOC and Reject Response Completeness**

26. Items B.1.14 - B 1.16 and C 1 4 examine the FOC and Reject Response Completeness for BellSouth in Tennessee. The overall results for these measurements in Tennessee demonstrate BellSouth's strong performance in providing CLECs timely, nondiscriminatory access to BellSouth's pre-ordering and ordering systems. During the 12-month period of December 2002 through October 2003, BellSouth met the benchmark for 79,254 of the 82,189 FOCs and/or Rejects (96%) returned.

**FOC and Reject Response Completeness / Electronic (B 1.14.)**

27 For orders submitted electronically, the benchmark is 95% of the FOC and Reject Responses returned to the CLECs. During the December 2002 through October 2003 time period, 7,173 of the 7,627LSRs (94%) had responses returned to the CLECs

**FOC and Reject Response Completeness / Partially Electronic (B 1 15.)**

28. For partially mechanized orders, the benchmark is 95% of the FOC and Reject Responses returned to the CLECs. BellSouth returned responses to the CLECs for

73 BellSouth met 11 of the 11 sub-metrics with CLEC activity during the period from  
December 2002 through October 2003

**Average Completion Notice Interval**

74. The interval is the elapsed time between the BellSouth reported completion of work  
and the issuance of a valid completion notice to the CLEC

Average Completion Notice Interval / xDSL (B 2.27.5)

75. BellSouth met 12 of the 12 sub-metrics with CLEC activity during the period from  
December 2002 through October 2003.

Average Completion Notice Interval / UNE ISDN Loop (B.2 27.6)

76 BellSouth met 16 of the 16 sub-metrics with CLEC activity during the period from  
December 2002 through October 2003.

Average Completion Notice Interval / UNE 2W Analog Loops Design with and without  
LNP (B 2 27.8 & 12)

77. BellSouth met 46 of the 46 sub-metrics with CLEC activity during the period from  
December 2002 through October 2003 .

Average Completion Notice Interval / UNE 2W Analog Loops Non-Design with and  
without LNP (B 2 27.9 & .13)

**Exhibit AJV-1  
Attachment  
Tennessee**

**Tennessee III, November 2002 - October 2003  
Local Interconnection Trunks - Ordering  
Reject Interval**

(% of CLEC Reject Notifications <=36 hours)

Numerator Indicates total number of reject notification intervals <=36 hours for this disaggregation in the reporting period

Volume Indicates total number of service requests for this disaggregation rejected in the reporting period

C 12

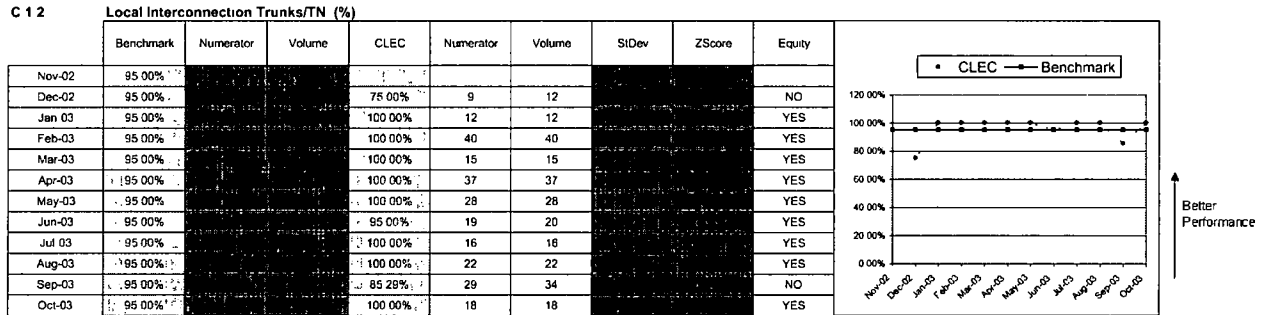


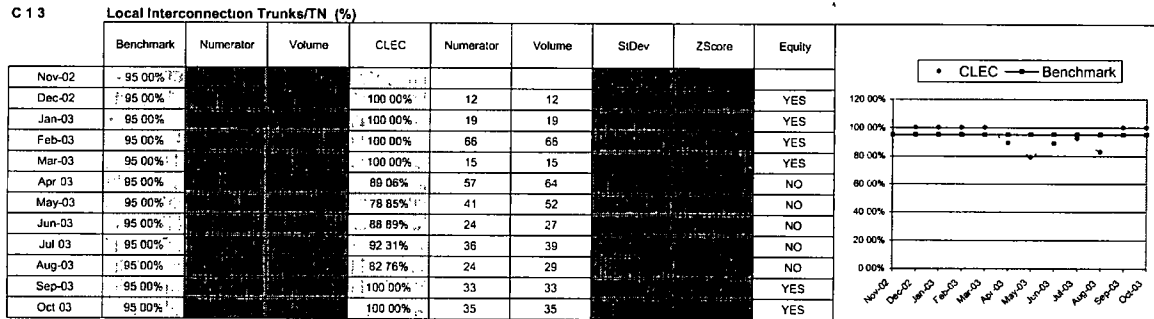
Exhibit AJV-1  
Attachment  
Tennessee

Tennessee III, November 2002 - October 2003  
Local Interconnection Trunks - Ordering  
FOC Timeliness

(% of FOCs <= 48 Hours)

Numerator Indicates total number of CLEC firm order confirmation intervals in <= 48 hours for this disaggregation in the reporting period  
Volume Indicates total number of trunk service requests confirmed for this disaggregation in the reporting period

C 13



## CERTIFICATE OF SERVICE

I hereby certify that on March 25, 2004, a copy of the foregoing document was served on the parties of record, via the method indicated:

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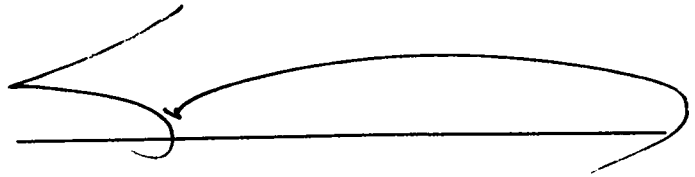
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A handwritten signature in black ink, appearing to read 'Ken Woods', written over a horizontal line.